WEATHERING THE STORM

Regional Transportation Authority
1991 Annual Report

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Regional Transportation Authority
1991 Annual Report

CONTENTS

PROTECT

PROMOTE

EXPAND

THE CHAIRMAN'S MESSAGE

The Honorable Jim Edgar, Governor
and the General Assembly
of the State of Illinois

1991 was a storm of uncertain economic times, decreasing revenues and increasing expenses – not just in the transportation industry, but throughout the country. The Regional Transportation Authority has weathered that storm. The dreary economy that clouded the year did not dampen our mission or drive.

In 1983 the General Assembly restructured the RTA to guarantee regional stability and financial security, to protect the area's public transportation system in good times and in bad. In 1991, almost ten years later, the introduction of a regional approach to public transportation by the legislature has proved extremely worthwhile. We are committed not just to living within our means, but ensuring the financial integrity of the entire system on the whole.

In this time of limited resources, we have not neglected the vital tasks with which we have been charged. We are keeping our promise to the state legislature by maintaining our important capital program. We are safeguarding the financial future of the system with creative, new answers to old problems. And revisiting the Strategic Plan, a roadmap to guide the agency, will ensure those future funds are spent – and service planning decisions are made – wisely.

In 1991 we completed the first full year of RTA Transit Check, a largely successful employer transit voucher program. We recertified several hundred thousand senior citizens and people with disabilities for the Reduced Fare Card Program, ensuring the benefit for those who rightfully deserve it. At the federal level, the RTA led a national fight for increased transportation funding.

Taking a look back at 1991, you may even say we have done more than just weather the storm.

Sincerely,

Gayle M. Franzen

Gayle M. Franzen
Chairman

RTA BOARD OF DIRECTORS

Seated from left: Martin R. Binder, Rev. Addie L. Wyatt, Gayle M. Franzen, Chairman; David L. DeMatte, and Clark Burrus. Standing from left: Laura Jibben, Executive Director; Sidney Danoff, Pastora San Juan Cafferty, Jerry D. Baase, Donald L. Totten, Kathleen K. Parker, Herbert E. Gardner, Jacqueline B. Vaughn, and Charles G. Dalton.

BATTENING DOWN THE HATCHES

Our region was hard hit by the recession. Last year, Illinois held the dubious distinction of having the highest unemployment rate in the country. Yet, if there is a silver lining to the cloud of recession that loomed heavily over 1991, it may be that our sputtering economy served as a call to action. In many ways, the recession reasserted the reason a regional public transportation system was created in the first place – to provide financial and strategic planning to the business of public transportation in Northeastern Illinois.

In these uncertain economic times, now more than ever, a regional public transportation system – the RTA – proves to be a worthwhile investment for the people of the six-county region. While the last year was difficult, the Authority has not neglected its critical task of long-term financial and service planning. Rather than sit idly by while revenues began to drop, the Regional Transportation Authority embarked on a year-long assessment of its financial future. Rather than wonder if the system will meet the area's changing demographic needs, the agency undertook an intensive analysis of the 1990 U.S. Census Bureau information and began to develop a working Strategic Plan to guide the agency – and the region – into the 21st Century. And rather than just accepting the technology of yesterday for the reverse commute problems of tomorrow, the RTA has explored innovative, new technologies – Personal Rapid Transit, among others.

THE UMBRELLA AGENCY

Originally created by the General Assembly in 1973, the RTA was restructured ten years later. With $16 billion in capital assets, the RTA oversees three Service Boards: Metra, which operates the suburban rail lines; Pace, the suburban bus agency; and the Chicago Transit Authority, which operates buses and rapid transit in the city and adjoining suburbs. The combined bus and rail services under the

RTA umbrella comprise the second largest public transportation system in North America. Annually, the distance covered by RTA vehicles is some 175 million miles – equal to traveling around the world 7,000 times.

Perhaps more astonishing than the more than 2 million rides provided on the system everyday is the critical role that those passengers play in the social and economic life of the city and surrounding region. Some 75 percent of all trips to the Central Business District – nerve center of the six-county region – are accomplished via transit. A road system adequate to move the same volume of people simply could not be built.

...flurries of activity

THE RTA CAPITAL PROGRAM

In addition to providing financial and service planning for the region, the RTA also has initiated projects that come down to a compelling bottom line: jobs. 1991 saw the RTA accomplish one of the biggest rail car procurements in history. The $400 million Metra project will result in the re-opening of the shuttered South Side Pullman facility and, ultimately, new jobs for the Chicago area. It may not be the end-all answer to our region's unemployment problems, but it certainly was welcome news in a year when thousands of people lined up in freezing temperatures looking for work.

On the whole, the RTA Capital Program continues its important work of rebuilding and refurbishing the RTA system. In 1991 the Service Boards undertook projects totaling $468 million by hiring outside contractors or committing their own labor forces. Some of those projects included the purchase of 256 new rapid transit cars for the CTA; 65 buses for Pace; and important work on the bridges, walls and culverts at Metra's LaSalle Street station.

And there were less visible improvements as well. Deteriorated track was replaced, and badly aged elevated structures, stations and bus facilities were refurbished. The Chicago Passenger Terminal, better known as the Northwestern Station, became 80 years old in 1991. An RTA commitment of Capital Program funding will help restore the facility for the 82,000 riders who use the terminal every day.

When new State funding nearly doubled the RTA's Five Year Capital Program in 1989, one of the first challenges was to show the RTA and the Service Boards could carry out a much larger capital program. That challenge has been met: the Authority has seen a 160 percent increase in obligations and a 60 percent increase in expenditures since 1989.

The work completed on mass transit projects in 1991 totaled $567 million.

...AND NOT A DROP TO DRINK

Those in the transit industry are used to trying to get more out of less. Nationally, the value of Federal funding, adjusted for inflation, has decreased 53 percent from 1981 to 1991. The sad irony is that during the same period, Federal mandates have been on the rise. The full financial implications of the Clean Air Act Amendments of 1990 and the Americans with Disabilities Act are just now becoming clear.

The recession's lower retail sales, and subsequent lower sales tax revenues, sounded an alarm for transit funding in 1991. The RTA relies on a regional sales tax as its primary source of non-farebox funding. Last year that figure fell nearly $50 million below budgeted levels – a roughly 10 percent loss in operating revenue. And yet, the poor economy was not the only problem; it merely exacerbated a problem that was already there.

In 1991, the RTA released initial findings of a financial future study conducted by Temple Barker & Sloane transportation consultants. While the challenges we face at the RTA have been accelerated by the recession, the study pointed out that, in the long term, expenses continue to out-strip revenues in the region. The study provides a model for the RTA to anticipate future changes in the financial environment so we can carefully examine all of the options available to us.

Perhaps one of the strongest lessons to be learned from the financial future study is that the RTA controls its own – and the region's – destiny. Internal factors have much more impact on the ultimate financial health of the agency than do external factors, like the economy. And labor productivity had the single largest impact of any variable considered.

THE STRATEGIC PLAN

In addition to providing key financial guidance to the region, the RTA also has undertaken strategic planning for public transportation in the area. Crucial to the success of its 1989 capital campaign was the RTA's painstaking preparation of its first ever Strategic Plan. This document, the result of several years' analysis of the entire RTA system, identified the several markets served by public transportation in Northeastern Illinois and prescribed optimal capital and operating strategies for each segment.

In 1991, the RTA undertook a new effort – as exhaustive as the first – to revisit and revise its 1989 Strategic Plan. With the General Assembly's approval of $1 billion in new bonding authority, with a significant change in the economic environment, and with the added insight of the Temple Barker & Sloane financial future study, the time had come to take a new look at the findings and assumptions of the original plan and to adjust them in accordance with new understanding.

This second strategic planning process was initiated in 1991 and continues into 1992, when a new document will be drafted providing the framework for future RTA capital and operating decision-making.

THE SILVER LINING

Even through this stormy weather, the RTA continued to promote transit as the critical economic component it remains in 1991. Successful outreach efforts maximized limited funds and provided some rays of sunshine during a difficult year.

RTA TRANSIT CHECK

The RTA Transit Check program had an extremely successful first full year. The program allows employers to subsidize their employees' use of public transportation with a monthly voucher good for a $10, $15, or $21 discount on purchase of passes or tokens for Pace suburban buses, Metra commuter trains, and CTA buses and rapid transit.

Completing its first full year of operation in 1991, RTA Transit Check is already the second largest program of its kind in the United States. Currently more than 250 companies provide the benefit to some 6,500 employees. First-year sales of RTA Transit Check out-stripped original projections by more than 150 percent, and total sales now exceed $1.5 million.

While the transportation subsidy option has been available to employers since 1984 through a little-known provision of the Federal Tax Code, it was both obscure and difficult to implement. Previously, the entire burden of establishing a program, procuring passes, administering their sale to employees and keeping extensive records of these transactions was placed on the employer. With RTA Transit Check, companies need only purchase as many vouchers as they wish from the RTA and distribute them to employees in whatever manner the employer chooses. The RTA Transit Check subsidy is a tax-deductible business expense for the providing company, and is a tax-free benefit to the employee.

The RTA anticipates even greater participation in the program as implementation of the Clean Air Act draws near. Employers will find that supporting their employee's use of transit is the fastest way to

meet the new requirements.

THE CHAIRMAN'S REAUTHORIZATION COALITION

Early in 1991, Chairman Gayle M. Franzen took the unprecedented step of mobilizing national opposition to federal transportation policy shifts that underfunded mass transit. Believed to be the first of its kind, the meeting drew Chairmen and representatives from transit agencies in New York, New Jersey, Boston, Philadelphia, Atlanta, Miami, Houston, Los Angeles, San Francisco, Oakland and Chicago.

The group of transit leaders took issue with federal proposals that placed an increased financial burden on transit agencies without providing necessary funding to comply with imposed mandates. The Administration's proposal would have eliminated operating assistance for cities with more than 500,000 in

population and would eliminate general revenue support for mass transit while spending down the Mass Transit Trust Fund over the next five years.

"We are here to voice our collective resolve to move transit forward in the years to come," Chairman Franzen said at that time. "Other transit systems throughout the nation also would suffer many of the same repercussions that would be felt in Chicago. Together, we believe we can be successful." And they were.

The Intermodal Surface Transportation Efficiency Act, the final transportation legislation signed by the President, had many of the problematic funding cuts removed. Yet, even now, many of the goals outlined by the legislation are in jeopardy. Chairman Franzen has vowed to go back to Washington and make the important case for transit funding even stronger.

THE REDUCED FARE RECERTIFICATION

Another bright spot in 1991 was the successful recertification of several hundred thousand senior citizens and people with disabilities for the Reduced Fare Program. To safeguard the program against fraud and to ensure the benefit for rightful participants, the RTA issued new Reduced Fare Cards to those eligible.

The RTA's Office of Inspector General had determined there was a significant opportunity for fraud because the original cards did not specify expiration dates and could be altered. The new cards feature a hologram and other safety features, making duplication, tampering, and other kinds of fraud close to impossible.

Some 260 centers throughout the region processed close to 300,000 program participants. Those riders present the Reduced Fare Card when buying a fare on Pace, Metra or the CTA to receive a 50 percent discount.

THE REGIONAL OUTLOOK

The RTA has looked beyond the difficulties of today to the technology of tomorrow. The agency continues its efforts to expand to meet the region's new transportation needs.

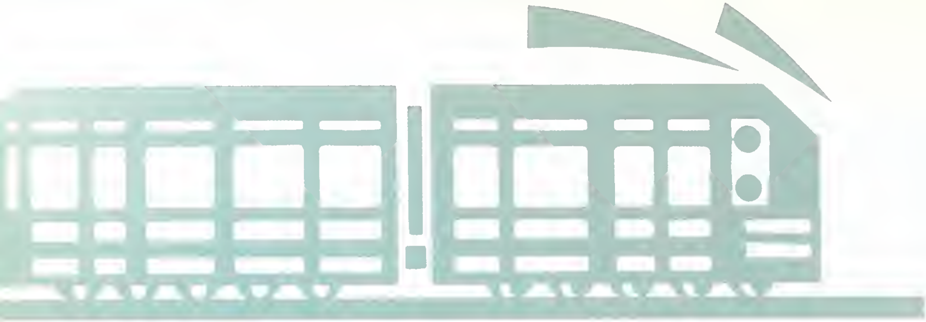
PERSONAL RAPID TRANSIT

In 1950, Chicago's suburbs had 20 out of every 100 jobs in the Northeastern Illinois region. Today, some 60 percent of the region's jobs are located in the suburbs – and their share is growing. The work and travel patterns of our region have changed dramatically in the last years. More than half of all Chicago area workers currently commute from suburb to suburb, while fewer than 15 percent make the traditional commute from suburbs to city. To meet these ever-increasing mobility needs of our sprawling region, and to ensure future economic viability in the Chicago area, the RTA continued its study of Personal Rapid Transit last year.

If built, PRT would offer small, personal cars seating no more than five passengers each; wait times of less than three minutes; fully-accessible off-line stations, permitting riders to proceed straight to their own destinations without intermediate stops; lightweight guideways that are unobtrusive and aesthetically pleasing; fully-automated, computer-programmed travel; and maximum passenger safety.

Of the 22 communities which originally expressed an interest in having a demonstration PRT test site built in their areas, six eventually submitted formal plans, and four are under consideration today – Deerfield, Lisle, Rosemont and Schaumburg. In 1991, the RTA evaluated each plan on the criteria of ridership potential, constructability, and community support of the project. Each proposed site was toured by the RTA Board of Directors.

Meanwhile, two competing system designers – Intamin AG and Stone & Webster – built small-scale models of vehicles, a station and a composite site, and produced video tapes illustrating their concepts.



By the end of 1992 it will be determined if it is feasible to proceed with the project, and if so, which contractor and which community will best serve the demonstration. PRT "has the potential to be a boon to public transportation in the suburbs," according to the Daily Herald. "It warrants a closer look."

SMART CARDS

In 1991, the RTA also successfully completed a demonstration project of Smart Card technology. Computer chips are embedded in plastic laminated cards to store, retrieve and process information. The electronic information can be used at a central location to facilitate the audit, approval and payment for a completed trip.

A two-week pilot program had one Chicago Transit Authority Special Services contract carrier utilize the technology. In the RTA region, Special Services are available to severely mobility limited individuals who cannot use accessible mainline service, and require curb-to-curb transportation. Reactions from both drivers and riders were positive, and the technology and implementation now have been proven successful.

Negotiations are now underway for all four CTA Special Services contractors to use the Smart Card technology. The upgrade will result in improved audit capabilities with an electronic audit trail for every trip, improved quality of service with an independent recording of the pick up and drop off times for a trip, and a greater quantity of information will be recorded about the trips.

STACKABLE ELECTRIC CARS

Also last year the RTA commissioned a study of the feasibility of the Stackable Electric Rental Car, or SERC, as a possible approach to increasing parking density at commuter rail stations. The SERC has the ability to fold its front and rear sections over its top. The cars "stack" together, reducing parking requirements by up to six times.

According to Packer Engineering, Inc., who provided the analysis, the SERC could carry two passengers, and would provide transportation to commuters, serve as a second family car, or provide occasional transportation to those who do not want an automobile because they have no place to park. Because the vehicles would be electrically powered, the technology would be good for the environment as well as help in alleviating parking and traffic congestion.

CLEAN AIR

The future also holds new stringent regulations on employers in our region with implementation of the Clean Air Act Amendments. The need for the legislation is clear: the more we drive, the worse congestion becomes – traffic moves slower and the air we breathe gets dirtier. The ozone levels in our region classify us as a "severe non-attainment zone." The RTA has begun work on several key levels in the implementation of this important legislation.

In addition to identifying capital and operating costs of Clean Air compliance for the Service Boards, the RTA will play a critical role in shaping the State Implementation Plan – a map for the region's reduction in emissions. The agency is also determined to assist employers in meeting the new regulations. Employers of more than 100 people will have to reduce the number of employees who drive to work alone. For many, transit will be the easiest way for the new requirements to be met.

TOMORROW'S FORECAST

Even through the difficult recession of 1991, with increasing expenses and decreasing revenues, the RTA continues to provide critical financial stability and strategic planning to the entire region. Committing funds to maintain the safety of the system, safeguarding the region's future financial stability, and leading a nation-wide fight for increased Federal funding – this was the RTA in 1991, and this will be the RTA in the years to come.

Not all of the hurdles have been cleared yet. But the regional public transportation system envisioned by its makers has helped to protect Northeastern Illinois through a difficult time.

We have weathered the storm.

PRO FORMA COMBINING FINANCIAL REPORT OF THE REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

CONTENTS

INTRODUCTORY SECTION

PRO FORMA COMBINING FINANCIAL STATEMENTS

SUPPLEMENTARY FINANCIAL INFORMATION

STATISTICAL SECTION

LETTER OF TRANSMITTAL

Mr. Gayle M. Franzen, Chairman
Regional Transportation Authority
One North Dearborn Street
Chicago, Illinois 60602

We are pleased to present the Pro Forma Combining Annual Financial Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the Fiscal Year Ended December 31, 1991. The purpose of this report is to fulfill the requirements of Section 4.05 of the RTA Act. This report presents the operations of our transit system in the aggregate and not as individual components. It allows you to see the magnitude of the resources on hand and in use for mass transportation in the Northeastern Illinois Region.

The Pro Forma Combining Financial Statements have not been audited, but their compilation has been reviewed by the RTA's independent auditors. The individual financial statements of each of the entities have been audited by their independent auditors. These reports are available upon request.

The key points related to fiscal 1991 for the region as a whole include:

- The region-wide system generated revenue recovery ratio of 51.37% for 1991 was 4.21% lower than 1990 performance of 55.58% and trailed the budgeted recovery ratio by 0.25%.
- 1991 operating revenues of $598.2 million represent an decrease of 2.82% from 1990.
- 1991 operating expenses, excluding depreciation and capital expenditures, increased 5.82% over 1990 operating expenses.
- Sales tax revenues for 1991 decreased to $425.2 million from $444.1 million in 1990 , or 4.26%.

It has been a difficult year, but staff recognizes the board's commitment to fiscal responsibility and we look forward to continuing to strive to improve transportation in Northeastern Illinois.

Sincerely,

Laura A. Jibben
Executive Director

Frederick B. Ollett
Assistant Executive Director
Finance & Administration

PRO FORMA COMBINING FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional Transportation Authority
Chicago, Illinois

KPMG Peat Marwick
Certified Public Accountants

We have audited the general purpose financial statements of the Regional Transportation Authority, the financial planning and oversight agency for regional transit operations, as of December 31, 1991, and have issued our report thereon dated April 30, 1992. These financial statements are the responsibility of the management of the Regional Transportation Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Regional Transportation Authority as of December 31, 1991, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

As to the financial statements of the Service Boards, which include Chicago Transit Authority (CTA), the Northeast Illinois Railroad Corporation (METRA Commuter Rail Division) and the Suburban Bus Division (PACE), we were furnished with the reports of other auditors with respect to their audits for 1991. The auditors' reports on the Service Boards were unqualified.

We have compiled the accompanying proforma combining balance sheet of the Regional Transportation Authority and Service Boards as of December 31, 1991, and the proforma combining statement of revenues and expenditures and the proforma combining statement of cash flows for the year then ended in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying proforma financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Regional Transportation Authority taken as a whole. The accompanying proforma combining region-wide statement of revenues and expenditures and proforma combining region-wide budgetary basis statement are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Regional Transportation Authority.

The accompanying statistical data are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements of the Regional Transportation Authority and, accordingly, we express no opinion on such statistical data.

KPMG Peat Marwick

June 12, 1992

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
PRO FORMA COMBINING BALANCE SHEET

December 31, 1991 *(in thousands)*

Assets	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debt	Combining Adjustments Credit	Pro Forma Combined Balance
Current Assets:							
Cash and investments (Note 7)							
Restricted	$133,402	$25,633		$6,680			$165,715
Unrestricted	9,437	8,414	$10,230	3,812			31,893
Reserved for capital projects	123,293	273	68,198	5,782			197,546
Receivables							
Sales tax	75,218						75,218
Interest on sales tax	131						131
Reduced fare reimbursement	20,114						20,114
PTF receivable	17,720						17,720
Interest on investments	3,255						3,255
Interagency	15,902					$15,902	
Due from other funds	2,578						2,578
Due from Metra (Note 8)	31,830					31,830	
Other receivables	183	25,287	8,344	2,686			36,500
Grant projects		14,394	27,165	1,311		5,204	37,666
Financial assistance - RTA		92,049	25,004	12,567		129,620	
Other carriers			2,074	176			2,250
Materials and supplies		63,746	5,560	3,343			72,649
Prepaid expenses	192	2,248	505	227			3,172
Total Current Assets	433,255	232,044	147,080	36,584	0	182,556	666,407
Fixed Assets:							
Plant, property and equipment	6,153	1,889,238	1,118,895	182,485			3,196,771
Construction in progress			3,213	4,491			7,704
Less: accumulated depreciation		(670,121)	(259,367)	(69,111)			(998,599)
Total Fixed Assets	6,153	1,219,117	862,741	117,865	0	0	2,205,876
Other Assets:							
Investment relating to employee benefit plan		145,941	11,402				157,343
Other		6,029					6,029
Amount available in debt service fund	5,004						5,004
Amount to be provided for retirement of general long-term debt	216,446						216,446
Total Other Assets	221,450	151,970	11,402	0	0	0	384,822
Total Assets	$660,858	$1,603,131	$1,021,223	$154,449	0	$182,556	$3,257,105

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING BALANCE SHEET

December 31, 1991 *(in thousands)*

Liabilities, Public Investment & Fund Equity	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debt	Combining Adjustments Credit	Pro Forma Combined Balance
Current Liabilities:							
Vouchers Payable	$1,010	$70,437	$27,995	$4,341			$103,783
Payable to Service Boards:							
Operating assistance	33,091				$33,091		
New initiatives	664				664		
Capital grants	5,618				5,618		
Sales tax	63,935				63,935		
Interest on sales tax	112				112		
Reduced fare reimbursement	20,114				20,114		
Due to other funds	2,578						2,578
Accrued other expenses	4,353	72,728	15,472	3,061			95,614
Deferred operating assistance		5,564			5,564		
Deferred revenue		10,357	2,538				12,895
Current portion of injury and damage reserve	18,668	28,500		2,680	15,850		33,998
Advances, deposits and other liabilities		20,913					20,913
Financial assistance to other carriers			1,730	97			1,827
Current obligation - RTA (Note 8)			6,790		6,790		
Total Current Liabilities	150,143	208,499	54,525	10,179	151,738	0	271,608
Long-Term Liabilities:							
General Obligation Bonds payable (Note 9)	221,450						221,450
Injury and damage reserve		49,629	24,475	4,680			78,784
Employees' deferred compensation plan		145,942	11,402				157,344
Accrued benefits		18,905					18,905
Accrued pension cost		136,934					136,934
Long-term obligation - RTA (Note 8)			25,040		25,040		
Other long-term liabilities		8,150					8,150
Total Long-Term Liabilities	221,450	359,560	60,917	4,680	25,040	0	621,567
Total Liabilities	371,593	568,059	115,442	14,859	176,778	0	893,175
Public Investment and Fund Equity:							
Contributed Capital	48,500	1,252,675	2,676				1,303,851
Investment in general fixed assets	6,153						6,153
Retained earnings	1,843						1,843
Fund Balance:							
Reserved for 87 and prior budgeted capital	20,085						20,085
Reserved for 88 thru 91 budgeted capital	123,293						123,293
Reserved for debt service	7,481						7,481
Unreserved, Undesignated	33,133		76,496	18,145			127,774
Reserved for bond capital projects	48,777						48,777
Public Investment, net of depreciation			826,609	121,445	561,694	$555,916	942,276
Accumulated deficit		(217,603)					(217,603)
Total Public Investment and Fund Equity	289,265	1,035,072	905,781	139,590	561,694	555,916	2,363,930
Total Liabilities, Public Investment and Fund Equity	$660,858	$1,603,131	$1,021,223	$154,449	$738,472	$555,916	$3,257,105

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
PRO FORMA COMBINING STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended December 31, 1991 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Revenues:							
Passenger fares		$321,198	$62,966	$26,207			$410,371
Other		50,161	24,670	5,826			80,657
RTA financial assistance		362,561	141,979	54,253	$558,793		
Sales taxes	$425,173						425,173
Interest on sales taxes	812						812
Federal operating assistance	49,019						49,019
PTF	109,195						109,195
State reduced fare reimbursement	35,267						35,267
Investment income	21,385						21,385
Other grants and reimbursements	386						386
Total Revenues	641,237	733,920	229,615	86,286	558,793	0	1,132,265
Expenditures:							
Operating expenses		773,055	209,771	84,501			1,067,327
Depreciation		68,214	43,585	14,135			125,934
Operating grants to Service Boards	548,250					$548,250	
Capital grants to Service Boards	175,746					5,685	170,061
New initiatives to Service Boards	1,981					1,981	
Reduced fare reimbursement to Service Boards	35,267						35,267
Sales tax interest to Service Boards	690						690
Administration	5,055						5,055
Regional expenses	12,701						12,701
Debt Service	13,540						13,540
Fixed assets additions	1,283						1,283
Total Expenditures	794,513	841,269	253,356	98,636	0	555,916	1,431,858
Net Revenues (Expenses/Expenditures) Before Depreciation Exclusion	(153,276)	(107,349)	(23,741)	(12,350)	558,793	555,916	(299,593)
Depreciation exclusion		65,803	43,585	14,135			123,523
Bond proceeds	100,000						100,000
Capital farebox financing			7,316				7,316
Net Revenues (Expenditures)	($53,276)	($41,546)	$27,160	$1,785	$558,793	$555,916	($68,754)

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
PRO-FORMA COMBINING STATEMENT OF CHANGES IN PUBLIC INVESTMENT AND FUND BALANCE

For the Fiscal Year Ended December 31, 1991 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Balance at December 31, 1990	$341,259	$841,543	$803,928	$141,613			$2,128,343
Net revenues (expenditures)	(53,276)	(41,546)	27,160	1,785	$558,793	$555,916	(68,754)
Additions (retirement) of general fixed assets	1,282						1,282
Contributed capital assets:							
Urban Mass Transportation Administration		227,328	63,831	5,004			296,163
Illinois Department of Transportation		21,577	18,094	564			40,235
Regional Transportation Authority		51,973	36,353	3,734			92,060
Current year depreciation on other capital assets		(65,803)	(43,585)	(14,135)			(123,523)
Other				1,025	2,901		(1,876)
Balance at December 31, 1991	$289,265	$1,035,072	$905,781	$139,590	$561,694	$555,916	$2,363,930

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
PRO FORMA COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 1991 *(in thousands)*

	RTA Joint Self-Insurance Fund	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Pro Forma Combined Balance
Cash Flows From Operations:					
Operating (income) loss	$732	($469,910)	($165,719)	($66,603)	($701,500)
Reconciling adjustments:					
Depreciation		68,214	43,585	14,135	125,934
Provision for claims	15,650	33,539	4,032	897	54,118
Capital Improvements			132		132
Change in assets and liabilities:					
Decrease (Increase) in accounts receivable	(13,150)	(14,806)	221	(220)	(27,955)
(Increase) in materials and supplies		(5,146)	(21)	(354)	(5,521)
Decrease in other assets		1,361		156	1,517
Increase (Decrease) in accounts payable		14,926	(3,256)	(991)	10,679
(Decrease) in other liabilities		(358)		(50)	(408)
Increase (Decrease) in accrued expenses		2,063	(6,278)	794	(3,421)
Increase in F.A. payable			146		146
Increase in deferred revenues		5,449	263		5,712
Net cash provided by operating activities	3,232	(364,668)	(126,895)	(52,236)	(540,567)
Cash Flows From Noncapital Financing Activities:					
Financial Assistance - operating		349,868	141,979	55,130	546,977
Decrease (Increase) in accounts receivables financial assistance - RTA		(12,413)	6,331		(6,082)
(Increase) in due from other fund	(4)				(4)
Increase in due to other fund	887				887
Net cash provided by noncapital financing activities	883	337,455	148,310	55,130	541,778
Cash flows from Capital and Related financing activities:					
Contributed Capital	2,500				2,500
(Decrease) in long-term obligation-RTA			(6,790)		(6,790)
Financial assistance-grant projects		375,456	118,147	9,953	503,556
Capital farebox financing revenue			7,316		7,316
(Increase) in accounts receivable-grant project			(1,957)		(1,957)
Capital grant additions		(383,324)	(136,672)	(12,634)	(532,630)
Other capital improvements			(132)		(132)
Net cash provided by (used in) capital and related financing activities	2,500	(7,868)	(20,088)	(2,681)	(28,137)

PRO FORMA COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 1991 *(in thousands)*

	RTA Joint Self-Insurance Fund	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Pro Forma Combined Balance
Cash flows from investing activities:					
Decrease (Increase) in interest receivable	(220)	909			689
Purchase of long-term marketable securities		(25,357)	(36,902)		(62,259)
Sales of long-term marketable securities		49,601	5,247		54,848
Net cash used in investing activities	(220)	25,153	(31,655)	0	(6,722)
Net increase (decrease) in cash and temporary investments	6,395	(9,928)	(30,328)	213	(33,648)
Add bank over draft		8,414			8,414
Cash and cash equivalents at beginning of year	44,657	29,014	57,260	16,060	146,991
Cash and cash equivalents at end of year	$51,052	$27,500	$26,932	$16,273	$121,757

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATIONAL STRUCTURE

RTA. The Regional Transportation Authority (RTA) was established in 1974 upon the approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. At that time, the RTA made grants to the Chicago Transit Authority (CTA), which provided the bus and rapid transit service in Chicago and some adjacent Cook County suburbs. However, in 1983 the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning and oversight entity. The reorganization placed all operating responsibilities in the CTA and two operating divisions of the RTA: the Commuter Rail Division ("METRA"), and the Suburban Bus Division ("Pace"), each having its own independent board. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the RTA Act as the "Service Boards."

The RTA Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole achieves annually a "system generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of the transportation services. The Service Boards achieve their required recovery ratio by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA has financial oversight responsibility for the budgets and financial performance monitoring of the CTA, METRA and Pace.

CTA. The CTA was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a passenger transportation system within the City of Chicago.

METRA. The Northeast Illinois Regional Commuter Railroad Corporation, a public corporation acting under the service name of METRA, was established in 1980 to serve as the RTA's commuter rail division. METRA has the responsibility for policy making with respect to actual day-to-day operations, capital investments, fare levels, and service and facilities planning for its operations. METRA is directly responsible for the operation and management of the commuter services of the Rock Island, Milwaukee Road and Metra Electric and Heritage Corridor commuter rail lines. METRA also has responsibility for administration of all commuter rail activities in the metropolitan Chicago area including deficit funding and capital grant application and administration activities.

Deficit funding operations arise from purchase of service agreements with the participating Chicago commuter rail carriers including: Chicago and NorthWestern Transportation Company, Burlington Northern Railroad Company, Norfolk Southern Railway Company; and Chicago, South Shore and South Bend Railroad/Northern Indiana Commuter Transportation Districts. Under these agreements, METRA funds the commuter related operating deficits of these carriers in addition to providing for certain direct expenses such as fuel, electricity and insurance coverage considered "in kind assistance".

The title to the roadway and structure assets of these carriers, other than capital improvements funded by federal, state and local grants and by METRA generated funds, is vested with the carriers and, accordingly, such assets are not reflected in these financial statements.

Pace. Independent operations of Pace commenced July 1, 1984. The Pace Board of Directors is empowered to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will.

Pace determines the level, nature and kind of public transportation services that should be provided in the suburban region.

Reporting Periods. The RTA, METRA and Pace report on a calendar year basis, with a fiscal year ended December 31, 1991. The CTA's fiscal year was December 30, 1990 through December 28, 1991. All statements enclosed herewith are based on each entity's fiscal year.

NOTE 2 - REPORTING ENTITY

Government accounting and financial reporting standards as established by Statement 3 and Interpretation 7, "Defining the Governmental Reporting Entity", issued by the National Council of Governmental Accounting and adopted by the Governmental Accounting Standards Board, require disclosure in the notes of governmental financial statements of the results of applying Statement 3 and Interpretation 7 criteria to specific affiliated organizations. The assets, liabilities, revenues, and expenditures of all affiliated organizations determined to be part of a governmental reporting entity generally must be included on the face of its financial statements. Thus, it is necessary to determine whether the CTA, METRA and Pace are part of the RTA Statement 3 and Interpretation 7 reporting entity.

The basic criteria for determining whether an affiliated organization is part of a governmental reporting entity is the exercise of oversight responsibility. The Statement sets forth various manifestations of oversight responsibility (responsibility for debt, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, etc.) which indicate that an affiliated organization should be included within the reporting entity.

An affiliated organization generally should be included within a governmental reporting entity, regardless of the degree of oversight responsibility, if its activities are: (1) for the benefit of the reporting entity and/or its residents, (2) conducted within the geographic boundaries of the reporting entity, and (3) generally available to the citizens of the reporting entity.

In the judgement of the management of each of the entities and with the concurrence of their auditors, analysis and application of Statement 3 and Interpretation 7 criteria indicate that, while the RTA does exercise some fiscal oversight, the CTA, METRA and Pace are not part of the RTA reporting entity for purposes of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards. Accordingly, financial statements for the CTA, METRA and Pace are not included or combined with the RTA's financial statements. They are combined, however, in this Pro Forma Combining Annual Financial Report. The Pro Forma Combining Annual Financial Report is a statutorily required report and is not required under governmental accounting and financial reporting standards.

In arriving at this conclusion, the following factors were considered;

• The CTA, METRA and Pace maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including: ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The CTA, METRA and Pace are also responsible for the purchase of services and approval of contracts relating to their operations.

• The RTA Board has control neither in the selection or appointment of any Service Board Director nor of any of its management. Further, directors of the CTA, METRA and Pace are excluded, except for the Chairman of the Chicago Transit Board who is also an RTA Board member, from serving on more than one entity's board of directors, including that of the RTA.

• The CTA, METRA and Pace provide services to different geographic areas within the six-county region. METRA provides transit service to the six-county area with the majority of the transit riders residing in the suburban metropolitan area and commuting into the City of Chicago. Pace's primary service area is the suburban communities with limited service to areas within the City of Chicago. The CTA provides service to the City of Chicago and neighboring suburbs within Cook County. Although programs are underway to increase the transfer of ridership between the service entities, trips of this type presently represent a minority of those taken.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the RTA, CTA, METRA and Pace conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Fund Accounting. The RTA maintains its records using a governmental fund accounting model consisting of a General Fund, a Debt Service Fund, a Capital Projects Fund, a Joint Self-Insurance Fund and an Agency Fund. All governmental funds and the Agency Fund are accounted for using the modified accrual method of accounting, i.e. revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred. The Joint Self-Insurance Fund is accounted for on the accrual method of accounting. Fixed asset transactions are accounted for in the General Fixed Assets Account Group. Long-term liabilities are accounted for in the General Long-Term Debt Account Group. For the purpose of these pro forma statements, all RTA funds are combined, where appropriate.

The Service Boards are accounted for on a proprietary fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these pro forma combining financial statements, Service Board financial statements are combined with those of the RTA.

Cash and Investments. All investments are recorded at cost, which approximates market value, except for investments held by the RTA and CTA for their deferred compensation plan which are reported at market value.

Fixed Assets. All fixed assets are recorded at cost. In calculating depreciation, each of the Service Boards uses the straight-line method. The estimated useful lives vary depending on the type of fixed asset. These useful lives range from one to forty-five years.

Material and Supply Inventories. Each of the Service Boards record it's inventory at the lower of cost or market. CTA and METRA use the average cost method to determine the cost base. Pace uses the first-in, first-out method to determine cost.

Compensated Absences. All four entities have recorded a liability for vested vacation time in the year the time was earned.

Revenues. The region has five principal sources of revenue and other financing sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, "Sales Taxes"); (3) funds appropriated to the RTA by statute through the State's Public Transportation Fund established under the RTA Act; (4) funds in respect of state or federal grants, loans, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Fare Box Revenue. A major source of revenue to the Service Boards is fares collected from riders. Each entity has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

Taxes. The RTA Sales Tax currently imposed by the RTA consists of (i) in Cook County, (a) a tax of 1% of the gross receipts from sales of drugs, certain medical supplies and food prepared for consumption off the premises (other than for immediate consumption) imposed on all persons selling tangible personal property at retail (a "Food and Drug Tax") and (b) a tax of .75% of the gross receipts from all other taxable retail sales; (ii) in counties within Northeastern Illinois (other than Cook County) a tax of .25% of the gross receipts from all taxable retail sales (together with (i) (b), a "General Sales Tax"); and (iii) a tax of .75% on the use in Cook County, and .25% on the use of Northeastern Illinois other than Cook County of tangible personal property purchased from a retailer outside Northeastern Illinois and titled or registered with a State agency by a person with a Northeastern Illinois address (a "Use Tax"). The taxes described in (i) and (ii) above are also imposed on persons engaged in making sales of services pursuant to which tangible personal property or real estate (as incident to a sales of a service) is transferred (with respect to the taxes in (i) and (ii), a "Service Occupation Tax").

The RTA Sales Tax is collected by the Illinois Department of Revenue and paid to the Treasurer of the State of Illinois to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly, without appropriation, by the State Treasury on the order of the State Comptroller directly to the RTA.

Also, proceeds from certain sales taxes imposed by the State are allocated to the RTA as part of the restructuring of the state and local sales taxes in Illinois. Until January 1, 1990, the State General Sales Tax, State Use Tax and State Service Occupation Tax portions of the RTA sales tax were imposed at a rate of 1% in Cook County. Effective January 1, 1990, as a result of legislation (the "Sales Tax Reform Act") aimed at simplifying the base and rate structure of taxes imposed by the state and its local governments, including the RTA, the State General Sales Tax, State Use Tax, State Service Occupation Tax and State Service Use Tax were increased from 5% to 6.25% and any corresponding portions of the RTA sales tax in Cook County were reduced from 1% to .75%. In

order to avoid a revenue loss to the RTA because of the reduction in this portion of the RTA sales tax, The Sales Tax Reform Act directed that portions of the receipts from the State General Sales Tax, State Use Tax, State Service Occupation Tax and State Service Use Tax be paid to the RTA annually.

Specifically, 4% of the net monthly revenue from the 6.25% State General Sales Tax and State Service Occupation Tax and 4% of the net monthly revenue from the State Use Tax on personal property purchased at retail outside the state but registered or titled with a state agency within the state (i.e., .25% of total) is transferred into the County and Mass Transit District Fund in the State Treasury (the "CMTD Fund"). The amount in the CMTD Fund attributable to taxable sales occurring in Cook County or to property registered or titled in Cook County is then transferred into the RTA Occupation and Use Tax Replacement Fund in the State Treasury (The "Replacement Fund"). In addition, (i) the net monthly revenue from the State Use Tax and State Service Use Tax portions of the 1% State Food and Drug Tax and (ii) 20% of the net monthly revenue of the 6.25% State Use Tax and State Service Use Tax (i.e., 1.25% of total), other than revenues of such taxes attributable to personal property purchased at retail outside of the state but registered or titled with a state agency within the state, are deposited in the State and Local Sales Tax Reform Fund (the "Reform Fund"). Ten percent of the money paid into the Reform Fund is then transferred into the Replacement Fund.

The RTA Act provides that the RTA withhold 15% of the tax revenues generated and that these revenues are deposited into the RTA's General Fund. The RTA is required to pass on to the Service Boards, pursuant to statutory formula, an amount equal to the remainder of such tax revenues. The remaining 85% of sales tax is allocated to the Service Boards as follows:

Service Board	Collected Within Chicago	Collected Within Cook County Outside Chicago	Collected in DuPage Kane, Lake, McHenry and Will Counties
CTA	100%	30%	-
METRA	-	55%	70%
Pace	-	15%	30%

The criteria applied for recognition of the receivable and related revenue are that the amounts are "measurable and available" for the RTA to meet its current obligations.

Public Transportation Fund (PTF). In accordance with the RTA Act, the State Treasurer is authorized and required to transfer from the state's general revenue fund to a special fund in the State Treasury designated the "Public Transportation Fund" an amount equal to 25% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes) imposed by the Board. These amounts may be paid to the RTA only upon state appropriation. The state has approved an appropriation from the Public Transportation Fund through its 1992 fiscal year which will end June 30, 1992.

None of the revenues from the Public Transportation Fund is payable to the RTA unless and until it certifies to the Governor, State Comptroller, and Mayor of the City of Chicago that the RTA has adopted a budget and financial plan as called for by the RTA Act.

The amounts allocable to each of the Service Boards from funding received by the RTA from the state's Public Transportation Fund are allocated at the discretion of the RTA Board in connection with the review and approval of the annual revised budgets of each Service Board. The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

Federal Operating Assistance Grant. A grant is provided to the RTA under Section 9 of the Federal Urban Mass Transportation Act. The revenue is recognized on the modified accrual basis in the year funds are actually received based upon final approval of the grant. All funds received under this grant are "passed through" to the Service Boards.

Reduced Fare Reimbursement. The Legislature has appropriated funds for a program under which the Illinois Department of Transportation is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for actual revenue losses attributable to reduced fares for students, handicapped persons and the elderly. The revenue is recognized on the modified accrual method when the amount is requested from the Illinois Department of Transportation.

Reclassifications. CTA, METRA and Pace have made certain reclassifications to their 1990 balances to conform with 1991 statement presentation.

Combining Adjustments. Inter-agency receivables, payables, revenues, expenses and expenditures have been eliminated in accordance with generally accepted accounting principles. There are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these pro forma combining financial statements, such differences are recorded as combining adjustments to public investment.

NOTE 4 – BUDGET AND BUDGETARY ACCOUNTING

Section 4.01(a) of the RTA Act requires the RTA prepare and adopt a comprehensive annual budget and program presenting the RTA's planned operations and capital expenditures for the forthcoming year. The budget is comprehensive and includes the activity in all the General and Agency Funds

The annual budget and related appropriations are prepared in conformity with generally accepted accounting principles except for capital grants, which are budgeted for on a project basis which normally exceeds one year, and debt service payments which are budgeted as transfers from the General Fund. RTA expenditures may not exceed budgeted appropriations except by RTA Board approval. All appropriations lapse at year-end. During the year, several supplementary appropriations were passed.

It is the policy of the RTA to fund the budgets of the Service Boards, up to the amount appropriated in the annual Budget Ordinance. The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

1. The first source of funds to be credited against the budgeted funding amount is from FTA operating assistance grant;
2. The second source of funds to be credited against the budgeted funding amount is from 85% sales tax receipts;
3. The third source of funds to be credited against the budgeted funding amount is from PTF receipts; and
4. The fourth source of funds credited against the budgeted funding amount is from RTA 15% and other discretionary receipts.

For capital expenditures, the payment of PTF funds, 15% funds and other discretionary funds of the RTA shall be made under the terms and conditions of a grant agreement governing such capital expenditures.

NOTE 5 – LEASES

The RTA and METRA hold operating leases which are primarily for rent expense on the facilities they occupy. Pace is obligated under a capital lease for paratransit buses.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Each of the entities has various commitments that have arisen in the normal course of operations. None is expected to have a material adverse impact on it's financial position as presented.

Each of the entities has also established liabilities for potential legal judgements to satisfy claims against the entity.

The RTA has also established a Loss Financing Plan to cover funding of losses incurred by the Service Boards over certain established limits.

NOTE 7 – CASH AND INVESTMENTS

The applicable statutory provisions governing the investment of public funds are found in Ill. Rev. Stat. Ch. 85, Sec. 901, et. seq. Each of the four entities also has established its own investment policy which is in line with the state statute, or in some cases more restrictive. Investment maturities range from less than a week to greater than a year for the RTA and METRA.

The RTA and Service Boards have on hand at December 31, 1991, $395.2 million of cash and investments. Of that amount $165.7 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects for which debt has been issued. In addition, $197.5 million is reserved for capital projects that are currently in the process of implementation which are to be paid from currently existing RTA and Service Board funds.

NOTE 8 - DUE FROM METRA

An agreement dated July 14, 1987 between the RTA and METRA stipulates that METRA would repay the RTA the principal sum of $67.9 million in ten equal annual installments, without interest, beginning December 31, 1988, with final payment due December 31, 1997. In September 1987, METRA repaid the RTA $11.8 million with UMTA grants which were used to retire a portion of the General Obligation Notes. The RTA forgave $3.9 million of this receivable and accordingly made the corresponding balance of the General Obligation Note repayment with its own financial resources. METRA repaid $6.79 million in each January of 1989, 1990, and 1991, respectively. The remaining receivable from METRA at December 31, 1991 is $31.83 million.

NOTE 9 – LONG-TERM DEBT

Changes during the year in long-term debt of the RTA were as follows:

	General Obligation Bonds 1991A	General Obligation Bonds 1990A	General Obligation Bonds 1986A	Total
Long-term obligation at December 31, 1990		$100,000,000	$26,365,000	$126,365,000
New Issues in November, 1991	$100,000,000			100,000,000
Current maturities and retirement		(1,095,000)	(3,820,000)	(4,915,000)
Long-term obligation at December 31, 1991	$100,000,000	$98,905,000	$22,545,000	$221,450,000

1986 General Obligation Bonds. On November 1, 1986, the RTA issued $40 million General Obligation Bonds, Series 1986A, to establish a Joint Self-Insurance Fund for the RTA, CTA, METRA and Pace. The purpose of the Joint Self-Insurance Fund is to provide a source from which to pay substantial damage and other claims above retained limits payable by any of the participants arising out of personal injuries, property damage and certain other losses and damages. The Self-Insurance Agreement provides that the Joint Self-Insurance Fund is not available to pay the principal or interest on the Series 1986A Bonds.

The Series 1986A Bonds will mature on November 1 over a ten-year period, and interest will be payable at rates ranging from 4.0% to 6.2% on May 1, 1987 and semi-annually thereafter on November 1 and May 1 in each remaining year.

Principal and interest requirements on the Series 1986A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1992	$4,025,000	$1,330,185	$5,355,185
1993	4,245,000	1,108,810	5,353,810
1994	4,485,000	866,845	5,351,845
1995	4,750,000	602,230	5,352,230
1996	5,040,000	312,480	5,352,480
Total	$22,545,000	$4,220,550	$26,765,550

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

1990 General Obligations Bonds. On May 1, 1990, the RTA issued $100 million General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source of paying costs of the Capital Program for the CTA, Metra and Pace.

The Series 1990A Bonds will mature on November 1 over a thirty-year period, and interest will be payable at rates ranging from 6.00% to 7.15% on November 1, 1990 and semi-annually thereafter on May 1 and November 1 in each remaining year.

Principal and interest requirements on the Series 1990A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1992	$1,160,000	$7,028,488	$8,188,488
1993	1,230,000	6,957,728	8,187,728
1994	1,310,000	6,880,853	8,190,853
1995	1,390,000	6,798,323	8,188,323
1996	1,480,000	6,709,363	8,189,363
1997	1,575,000	6,613,163	8,188,163
1998	1,680,000	6,509,213	8,189,213
1999	1,790,000	6,395,813	8,185,813
2000	1,915,000	6,274,093	8,189,093
2001	2,045,000	6,141,958	8,186,958
2002	2,185,000	6,000,853	8,185,853
2003	2,340,000	5,847,903	8,187,903
2004	2,505,000	5,682,933	8,187,933
2005	2,685,000	5,505,078	8,190,078
2006	2,875,000	5,313,100	8,188,100
2007	3,085,000	5,103,225	8,188,225
2008	3,310,000	4,878,020	8,188,020
2009	3,550,000	4,636,390	8,186,390
2010	3,810,000	4,377,240	8,187,240
2011	4,085,000	4,102,920	8,187,920
2012	4,380,000	3,808,800	8,188,800
2013	4,695,000	3,493,440	8,188,440
2014	5,035,000	3,155,400	8,190,400
2015	5,395,000	2,792,880	8,187,880
2016	5,785,000	2,404,440	8,189,440
2017	6,200,000	1,987,920	8,187,920
2018	6,645,000	1,541,520	8,186,520
2019	7,125,000	1,063,080	8,188,080
2020	7,640,000	550,080	8,190,080
Total	$98,905,000	$138,554,217	$237,459,217

1991 General Obligation Bonds. In November 1991, the RTA issued $100 million in General Obligation Bonds, Series 1991A, to replenish the capital projects fund to provide the source of paying costs of the Capital Program for the CTA, Metra, and Pace.

The Series 1991A Bonds will mature on November 1 over a thirty-year period, and interest will be payable at rates ranging from 4.85% to 6.55% on May 1, 1992 and semi-annually thereafter on November 1, and May 1 in each remaining year.

Principal and interest requirements on the Series 1990A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1992	$0	$6,160,685	$6,160,685
1993	1,345,000	6,484,931	7,829,931
1994	1,410,000	6,419,699	7,829,699
1995	1,480,000	6,347,789	7,827,789
1996	1,555,000	6,270,089	7,825,089
1997	1,640,000	6,186,119	7,826,119
1998	1,735,000	6,095,099	7,830,099
1999	1,830,000	5,996,204	7,826,204
2000	1,940,000	5,889,149	7,829,149
2001	2,055,000	5,773,719	7,828,719
2002	2,180,000	5,649,391	7,829,391
2003	2,310,000	5,515,321	7,825,321
2004	2,455,000	5,370,946	7,825,946
2005	2,615,000	5,215,054	7,830,054
2006	2,780,000	5,046,386	7,826,386
2007	2,965,000	4,864,296	7,829,296
2008	3,160,000	4,667,865	7,827,865
2009	3,370,000	4,458,515	7,828,515
2010	3,595,000	4,232,725	7,827,725
2011	3,835,000	3,991,860	7,826,860
2012	4,090,000	3,734,915	7,824,915
2013	4,365,000	3,460,885	7,825,885
2014	4,660,000	3,168,430	7,828,430
2015	4,970,000	2,856,210	7,826,210
2016	5,305,000	2,523,220	7,828,220
2017	5,660,000	2,167,785	7,827,785
2018	6,040,000	1,788,565	7,828,565
2019	6,445,000	1.383,885	7,828,885
2020	6,875,000	491,445	7,827,070
2021	7,335,000	491,445	7,826,445
Total	$100,000,000	$133,163,252	$233,163,252

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

The Series 1986A, 1990A and 1991A Bonds are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The Bonds are payable from all revenues and all other funds received or held by the Authority (except amounts in the Joint Self-Insurance Fund and amounts required to be held or used with respect to separate ordinance obligations), that lawfully may be used for retiring the debt.

The Bonds are secured by an assignment of and lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the Trustee by officials of the State of Illinois. Any amounts not needed to make the required monthly deposits for the bonds or other Authority obligations, or for deposit in the Debt Service Reserve Fund, are to be paid monthly to the RTA by the Trustee.

Under the RTA Act, the CTA's, METRA's and Pace's farebox receipts and funds on hand are not available for payment of debt service on the Bonds.

In the Debt Service Fund, $5,003,863 is available to service the RTA's long-term debt as of December 31, 1991. The remaining balance in this fund is reserved for interest payments.

NOTE 10 – DEFERRED COMPENSATION

Each of the entities offers a deferred compensation plan to its employees. The RTA, CTA and METRA have plans created in accordance with Internal Revenue Code Section 457. METRA and Pace also offer 401(K) plans.

In each Section 457 plan, all amounts deferred, all property or rights purchased with such amounts, and all earnings on such investments are unrestricted assets of the entity until paid to the participant. The participants rights under the plan are equal to those of general creditors, although none of the entities plan to use these assets to satisfy liabilities.

NOTE 11 – PENSION

All eligible employees of the four entities are covered under a pension plan. RTA employees, as well as non-union employees of METRA and Pace are covered under the RTA Pension Plan which is a multi-employer non-contributory defined benefit cost sharing plan. The union employees of METRA and Pace are covered under various other plans as are required by their collective bargaining agreements.

The employees of the CTA are generally covered by the Employees Retirement Plan, governed by the terms of the employees collective bargaining agreement.

NOTE 12 – REGION-WIDE FINANCIAL INFORMATION

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation related operations in the Northeastern Illinois region. Accordingly, this region-wide information is presented on the following two pages in a pro forma combining region-wide statement of revenues and expenditures and a pro forma combining region-wide budgetary basis statement of revenues and expenditures - budget and actual.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

The primary financial statements of the RTA and the Service Boards used to prepare the pro forma combining statements of revenues and expenditures do not include the aggregate of system generated revenues and costs. METRA properly nets the revenues and expenses for their private carriers. The pro forma combining region-wide statement of revenues and expenditures does include, however, the aggregate of all system revenues and costs. However, the Act modifies generally accepted accounting principles to exclude certain revenues and expenses from the calculation of the region-wide system generated revenues recovery ratio.

The RTA Act, as amended, requires that the aggregate of all system generated revenues equal at least 50% of the aggregated costs of providing such public transportation. This concept is described as the "system generated revenues recovery ratio."

For 1991, the region-wide system generated revenues recovery ratio is calculated as follows:

	1991 (in thousands)
System Generated Revenues	
CTA	$371,359
Metra	173,383
Pace	30,101
RTA	17,804
Total System Generated Revenues	592,647
System Generated Expenses	
CTA	$762,737
Metra	293,138
Pace	82,569
RTA	15,276
Total System Generated Expenses	$1,153,720

Total system generated revenues recovery ratio equals revenues of $592.6 million divided by a total expenses of $1,153.7 million or 51.37%.

SUPPLEMENTARY FINANCIAL INFORMATION

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING REGION-WIDE STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended December 31, 1991 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance
					Debit	Credit	
Revenues:							
Passenger fares		$321,198	$146,821	$26,207			$494,226
Other		50,161	26,562	5,826			82,549
RTA financial assistance		362,561	141,979	54,253	$558,793		
Sales taxes	$425,173						425,173
Interest on sales taxes	812						812
Federal operating assistance	49,019						49,019
PTF	109,195						109,195
State reduced fare reimbursement	35,267						35,267
Investment income	21,385						21,385
Other grants and reimbursements	386						386
Total Revenues	641,237	733,920	315,362	86,286	558,793	0	1,218,012
Expenditures:							
Operating expenses		773,055	295,518	84,501			1,153,074
Depreciation		68,214	43,585	14,135			125,934
Operating grants to Service Boards	548,250					548,250	
Capital grants to Service Boards	175,746					5,685	170,061
New initiatives to Service Boards	1,981					1,981	
Reduced fare reimbursement to Service Boards	35,267						35,267
Sales tax interest to Service Boards	690						690
Administration	5,055						5,055
Non-Administration	12,701						12,701
Debt Service	13,540						13,540
Fixed assets additions	1,283						1,283
Total Expenditures	794,513	841,269	339,103	98,636	0	555,916	1,517,605
Net Revenues (Expenditures)							
Before Depreciation Exclusion	(153,276)	(107,349)	(23,741)	(12,350)	558,793	555,916	(299,593)
Depreciation exclusion		65,803	43,585	14,135			123,523
Bond proceeds	100,000						100,000
Capital farebox financing			7,316				7,316
Net Revenues (Expense/Expenditures)	($53,276)	($41,546)	$27,160	$1,785	$558,793	$555,916	($68,754)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING REGION-WIDE BUDGETARY BASIS STATEMENT OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL

For the Fiscal Year Ended December 31, 1991 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance	Pro Forma Region-Wide Budget
Revenues:								
Passenger fares		$321,198	$146,821	$26,207			$494,226	$537,625
Other		50,161	26,562	5,826			82,549	
RTA financial assistance		362,561	141,979	54,253	$558,793			
Sales taxes	$425,173						425,173	425,000
Interest on sales taxes	812						812	
Federal operating assistance	49,019						49,019	49,019
PTF	109,195						109,195	109,082
Reduced fare reimbursement	35,267						35,267	36,226
Investment income	21,385						21,385	13,640
Other grants and reimbursements	386						386	255
Bond proceeds	100,000						100,000	
Total Revenues	741,237	733,920	315,362	86,286	558,793	0	1,318,012	1,170,847
Expenditures:								
Operating expenses		773,055	295,518	84,501			1,153,074	1,128,169
Depreciation		2,411					2,411	
Operating grants to Service Boards	548,250					$548,250		
Capital grants to Service Boards	175,746					5,685	170,061	175,746
New initiatives to Service Boards	1,981					1,981		
Reduced fare reimbursement to Service Boards	35,267						35,267	36,226
Sales tax interest to Service Boards	690						690	
Administration	5,055						5,055	5,607
Regional expenses	12,701						12,701	14,427
Debt Service	13,540						13,540	13,300
Fixed assets additions	1,283						1,283	1,895
Total Expenditures	$794,513	$775,466	$295,518	$84,501	0	$555,916	$1,394,082	$1,375,370

SERVICE DIVISION OPERATING CHARACTERISTICS

CHICAGO TRANSIT AUTHORITY

Rapid Transit

- 215 route miles
- 142 stations served
- 1,222 rapid transit cars
- 11.3 million riders per month

Motor Bus

- 131 bus routes
- 2,170 buses
- 35.8 million riders per month

Paratransit

- 75 thousand riders per month

METRA COMMUTER RAIL DIVISION

- 1,200 miles of track
- 233 stations
- 125 locomotives
- 684 passenger cars
- 206 electric cars
- 660 trains operated each weekday
- 96.5% on-time performance in 1991
- 6.0 million riders per month

PACE SUBURBAN BUS DIVISION

Fixed Route

- 140 regular routes
- 86 feeder routes
- 200 communities served
- 98 commuter rail and rapid transit stations served
- 549 vehicles in use during peak periods*
- 3.4 million riders per month

Paratransit

- 60 local services
- 211 Pace owned lift-equipped buses in service
- 160 taxis and other non-Pace owned vehicles in service
- 118 thousand riders per month

*Includes Contract Carriers

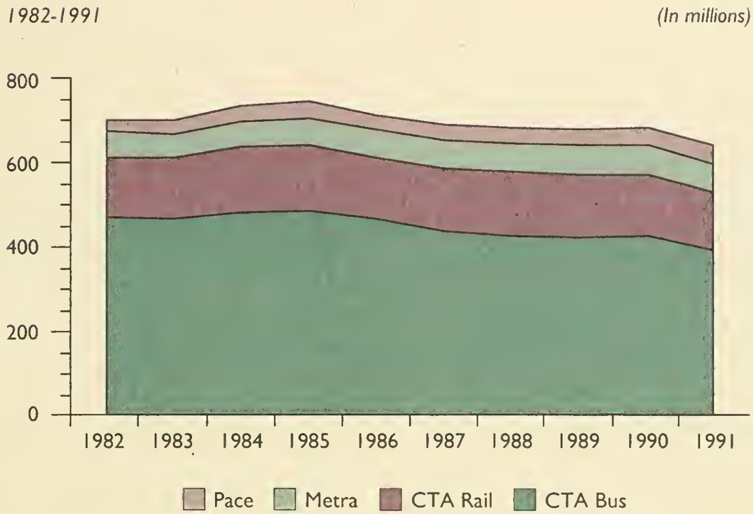
ALLOCATION OF CAPITAL FUNDS TO NORTHEAST ILLINOIS

Last Ten Calendar Years *(In millions)*

Sections 3, 9 and 23 *(In millions)*

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	RTA
1982	$204.85	$109.05	$89.10	$6.70	-0-
1983	278.45	167.40	101.95	9.10	-0-
1984	269.96	157.90	76.56	35.50	-0-
1985	231.40	141.20	75.40	14.80	-0-
1986	237.36	141.45	77.20	18.19	$0.52
1987	243.30	142.90	84.20	16.20	-0-
1988	245.72	154.18	72.93	18.61	-0-
1989	270.17	165.89	84.34	19.94	-0-
1990	172.57	113.34	42.46	16.76	-0-
1991	165.11	91.42	67.53	6.16	-0-
Total	$2,318.88	$1,384.73	$771.67	$161.96	$0.52

SYSTEM RIDERSHIP (IN MILLIONS)



UNLINKED PASSENGER TRIPS

Service Consumed:	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
CTA - Bus	468.4	465.8	484.9	487.9	467.7	440.7	424.3	421.7	423.2	394.1
CTA - Rail	147.4	147.2	153.9	155.9	145.7	148.6	149.4	147.7	146.7	135.3
Total CTA	615.8	613.0	638.8	643.8	613.4	589.3	573.7	569.4	569.9	529.4
Metra	58.7	56.9	59.6	61.8	62.1	64.0	67..0	68.4	69.3	69.0
Pace	27.7	31.2	36.3	38.4	36.1	35.6	36.7	37.9	40.4	40.5
System Total	702.2	701.1	734.7	744.0	711.6	688.9	677.4	675.7	679.6	638.9
Percent Change	(5.1%)	0.2%	4.8%	1.3%	(4.4%)	(3.2%)	(1.7%)	(0.3%)	0.6%	(6.0%)

SALES TAX REVENUES SOURCE BY COUNTY/CITY OF CHICAGO

1989

1990

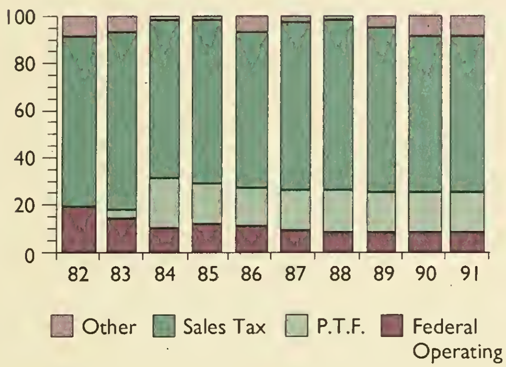
RETAILERS OCCUPATION AND USE TAX (SALES TAX) REVENUES BY COUNTY

Last Eight Fiscal Years
(In Thousands)

Location of Retailer	15 Months Ended 12/31/84	% of Total	12 Months Ended 12/31/85	% of Total	12 Months Ended 12/31/86	% of Total	12 Months Ended 12/31/87
City of Chicago	$119,322	36.34	$123,955	36.20	$132,201	35.87	$136,920
Suburban Cook County	175,446	53.43	182,773	53.37	197,363	53.54	207,453
DuPage County	15,737	4.79	16,993	4.96	18,615	5.05	19,769
Kane County	4,431	1.35	4,615	1.35	4,927	1.34	5,427
Lake County	7,452	2.27	7,936	2.33	8,798	2.39	9,696
McHenry County	2,152	0.65	2,088	0.61	2,305	0.63	2,524
Will County	3,837	1.17	4,081	1.18	4,370	1.18	4,650
Total retailer's occupation and use tax (sales tax) revenue	$328,377	100.00	$342,441	100.00	$368,579	100.00	$386,439

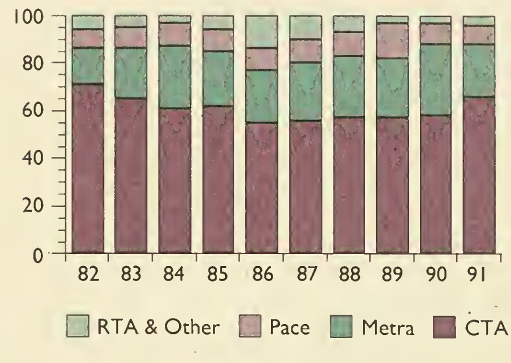
DISTRIBUTION OF REVENUES

1982-1991
(Percentage)



DISTRIBUTION OF EXPENSES

1982-1991
(Percentage)



% of Total	12 Months Ended 12/31/88	% of Total	12 Months Ended 12/31/89	% of Total	12 Months Ended 12/31/90	% of Total	12 Months Ended 12/31/91	% of Total
35.43	$146,037	34.87	$149,095	34.67	152,611	34.36	142,034	33.41
53.68	226,332	54.05	232,262	54.02	240,429	54.14	232,487	54.68
5.12	21,845	5.22	22,734	5.29	23,615	5.32	23,277	5.47
1.41	5,927	1.42	6,201	1.44	6,448	1.45	6,332	1.49
2.51	10,702	2.56	11,314	2.63	11,997	2.70	12,151	2.86
0.65	2,867	0.68	3,059	0.71	3,302	.74	3,312	.78
1.20	5,042	1.20	5,323	1.24	5,708	1.29	5,580	1.31
100.00	$418,752	100.00	$429,988	100.00	444,110	100.00	425,173	100.00

LEGAL DEBT CAPACITY

1991

LEGAL DEBT MARGIN:		
Debt limitation per Act for General Obligations		$1,000,000,000
Debt applicable to limitation:		
1986A General Obligation Bonds	$22,545,000	
1990A General Obligation Bonds	98,905,000	
1991A General Obligation Bonds	100,000,000	
Less: Amount available for repayment	(5,003,863)	
Total debt applicable to limitation		216,446,137
Debt Margin for General Obligations		783,553,863
Debt limitation per Act for Working Cash Notes		100,000,000
TOTAL LEGAL DEBT MARGIN		$683,553,863

REVENUE TEST:

Sales Tax must be 1.5 times greater than debt service requirements
Revenues available must be 2.5 times greater than debt service requirements

Debt Service Requirements for 1991 were $12,734,544
1.5 x $12,734,544 = $19,101,816 vs. $425,172,757 of Sales Tax
2.5 x $12,734,544 = $31,836,360 vs. $637,269,947 of revenues available

CTA

Working Cash Notes	$40,000,000

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